

Message Text

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S E C R E T LISBON 4870

PASS SECRETARY'S PARTY

FROM AMBASSADOR MCCLOSKEY

E.O. 11652: GDS

TAGS: PFOR PO

SUBJ: MEETING WITH PRESIDENT COSTA GOMES

1. I CALLED ON PRESIDENT COSTA GOMES AT 1100 LOCAL NOVEMBER 8, ACCOMPANIED BY AMBASSADOR SCOTT, DCM POST, IBERIAN DIRECTOR LUKENS AND SPECIAL ASSISTANT PEZZULLO. AT BEGINNING OF VISIT AMBASSADOR SCOTT PRESENTED YOUR MESSAGE CONCERNING NPG MEETING WHICH COSTA GOMES APPRECIATED.

2. I OPENED MEETING BY EXPLAINING MY RESPONSIBILITIES ON BASE NEGOTIATIONS AND REVIEWED FOR HIM YOUR MEETING WITH SOARES IN SEPTEMBER WHEN IT WAS AGREED THAT WE WOULD SEEK TO DEFINE FAIR COMPENSATION IN RETURN FOR RETENTION USE OF LAJES FACILITIES. I TOLD HIM THAT I HOPED TO PROCEED WITH

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THE NEGOTIATIONS ON THAT BASIS. I REVIEWS OUR PLANS TO

SEND TEAM OF ECONOMIC EXPERTS TO SURVEY AREAS OF GOP NEEDS, WITHIN CONSTRAINTS YOU LAID DOWN AT YOUR LUNCHEON FOR COSTA GOMES IN WASHINGTON.

3. COSTA GOMES ANSWERED THAT AS HE HAD STRESSED TO YOU IN WASHINGTON, PORTUGAL NEEDED ECONOMIC MORE THAN MILITARY AID. HOWEVER, IN REPLY TO MY SUGGESTION THAT THERE MIGHT BE PLACE FOR NATO-RELATED MILITARY ASSISTANCE IN AZORES PACKAGE, COSTA GOMES SAID THAT USG HAD BEEN ADVISED THROUGH MAAG OFFICERS OF TYPES OF MILITARY ASSISTANCE WHICH WOULD MAKE PORTUGAL A BETTER NATO PARTNER. HE NOTED THAT 14 YEARS OF AFRICAN WARS HAD LEFT PORTUGUESE ARMED FORCES ILL-PREPARED TO MEET NATO REQUIREMENTS.

4. COSTA GOMES WENT ON TO SAY THAT INSOFAR AS AZORES CONCERNED, TWO GOVERNMENTS COULD COOPERATE TOGETHER ON ASW AND SEARCH AND RESCUE MISSIONS, PROVIDING PORTUGAL GIVEN PROPER EQUIPMENT. HE REMINDED US THAT ADM. MOORER HAD BEEN APPRISED OF GOP DESIRE FOR FOUR P3S (IRIONS) FOR INITIAL PHASE OF ASW COOPERATION, TO BE CARRIED OUT BOTH FROM AZORES AND FROM MADEIRA. HE NOTED THAT AIR BASE IN MADEIRA CAME UNDER NATO-UMBRELLA AND THAT WITHIN THAT CONTEXT PORTUGAL COULD PLAY ROLE IN PROTECTING SEA LANES LEADING TO MEDITERRANEAN AS WELL AS AREA TO SOUTH.

5. I POINTED OUT THEN THAT WE WOULD LOOK INTO MILITARY EQUIPMENT MOST NEEDED BY PORTUGAL WITHIN OUR AZORES PACKAGE. AS FOR LONG-TERM ECONOMIC AID, I REVIEWED CONGRESSIONAL PROBLEMS, STATUS OF FOREIGN AID BILL, AND FINALLY USG NEED TO KNOW MORE ABOUT POLITICAL DEVELOPMENTS IN PORTUGAL BEFORE WE CAN MAKE ANY DECISION ON ECONOMIC AID PROGRAM.

6. COSTA GOMES REPLIED THAT SITUATION HAS BEEN "CLARIFYING" SINCE SEPTEMBER 28. HE MENTIONED AS EXAMPLES REDUCTION IN NUMBER OF STRIKES BY WORKERS, GREATER HARMONY AMONG MEMBERS OF COALITION IN POLITICAL FIELD AND FACT THAT VIOLENCE BY FAR-LEFT MAOIST GROUPS HAD BEEN REPUDIATED BY ALL PARTIES OF GOVERNMENT, INCLUDING PCP. HE WENT ON TO SAY THAT HE
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WAS GENERALLY ENCOURAGED AND HOPED SITUATION WOULD IMPROVE BUT FEARED THAT ECONOMIC CRISIS BROUGHT ON BY UNEMPLOYMENT AND INFLATION COULD THREATEN POLITICAL STABILITY IF STEPS WERE NOT TAKEN SOON. HE STRESSED THAT WHILE INFLATION WAS "GALLOPING", IT DECIDEDLY SECOND IN IMPORTANCE TO SERIOUS UNEMPLOYMENT PROBLEM. HE ALSO STATED THAT ELECTIONS WOULD GO ON AS PLANNED, FIRST FOR CONSTITUENT ASSEMBLY IN MARCH, THEN FOR NATIONAL ASSEMBLY AND PRESIDENT WITHIN 3 TO 6 MONTHS AFTER

THAT. FINALLY, COSTA GOMES REFERRED TO REHABILITATION PROBLEM INVOLVED IN ABSORBING 100,000 TROOPS FROM AFRICA.

7. I SUGGESTED THAT WHEN US EXPERTS ARRIVE, GOP OFFICIALS POINT OUT TO THEM THEIR PRIORITY NEEDS, AGAIN CAUTIONING HIM ON LONG BUREAUCRATIC LEADTIME NEEDED BY USG TO INITIATE NEW PROGRAMS, IN ADDITION TO POLITICAL CONSTRAINTS. COSTA GOMES REPLIED THAT HE HOPED USG AND OTHER FRIENDS WOULD RECOGNIZE THAT PORTUGAL NEEDS HELP SOON AND THAT IT WOULD BE CHEAPER TO HELP NOW THAN TO CORRECT THINGS LATER. IN THIS CONNECTION HE EXPRESSED HOPE THAT VITOR ALVES, NOW VISITING BONN, WOULD GET SPECIFIC OFFERS OF HELP FROM FRG.

8. IN REPLY TO A QUESTION AS TO PRIORITIES FOR AID IN ECONOMIC FIELD, COSTA GOMES MENTIONED INDUSTRIAL COMPLEX AT SINES AND NEED FOR RAIL TIE FROM THERE TO LISBON, AGRICULTURE AND LIVESTOCK DEVELOPMENT, AND ROAD NETWORK. HE TIED THIS TO INCREASING UNEMPLOYMENT PROBLEM RESULTING FROM RETURNING SOLDIERS AND COLONISTS AND NEED FOR LABOR INTENSIVE TYPE PROJECTS.

9. AT CLOSE OF MEETING I ASKED IF AMBASSADOR THEMIDO AND I MIGHT RESUME NEGOTIATIONS ON LAJES BASE ALONG LINES SUGGESTED ABOVE (PARA 2) AND HE AGREED.

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